



POSTAL SERVICE

Change in Rates and Classes of General Applicability for

Competitive Products

AGENCY: Postal Service™.

ACTION: Notice of a change in rates and classifications of general applicability for competitive products.

SUMMARY: This notice sets forth changes in rates and classifications of general applicability for competitive products.

DATES: *Applicable:* July 9, 2023.

FOR FURTHER INFORMATION CONTACT: Elizabeth Reed, 202-268-3179.

SUPPLEMENTARY INFORMATION: On May 9, 2023, pursuant to their authority under 39 U.S.C. 3632, the Governors of the Postal Service established prices and classification changes for competitive products. The Governors' Decision and the record of proceedings in connection with such decision are reprinted below in accordance with section 3632(b)(2). Mail Classification Schedule language containing the new prices and classification changes can be found at www.prc.gov.

Tram T. Pham,

Attorney, Ethics and Legal Compliance.

**DECISION OF THE GOVERNORS OF THE UNITED STATES POSTAL SERVICE ON CHANGES
IN RATES AND CLASSIFICATIONS OF GENERAL APPLICABILITY FOR COMPETITIVE
PRODUCTS (GOVERNORS' DECISION NO. 23-3)**

May 9, 2023

STATEMENT OF EXPLANATION AND JUSTIFICATION

Pursuant to authority under section 3632 of title 39, as amended by the Postal Accountability and Enhancement Act of 2006 ("PAEA"), we establish prices and classifications of general applicability for the Postal Service's competitive products. The changes are described generally below, with a detailed description of the changes in the Postal Service's associated draft Mail Classification Schedule change document. That document contains the draft Mail Classification Schedule sections with classification changes in legislative format, and new prices displayed in the price charts.

As shown in the nonpublic annex being filed under seal herewith, the changes we establish should enable each competitive product to cover its attributable costs (39 U.S.C. § 3633(a)(2)) and should result in competitive products as a whole complying with 39 U.S.C. § 3633(a)(3), which, as implemented by 39 C.F.R. § 3035.107(c), requires competitive products collectively to contribute a minimum of 10.4 percent to the Postal Service's institutional costs. Accordingly, no issue of subsidization of competitive products by market dominant products should arise (39 U.S.C. § 3633(a)(1)). We therefore find that the new prices and classification changes are in accordance with 39 U.S.C. §§ 3632–3633 and 39 C.F.R. §§ 3035.102 and 104.

I. Domestic Products

A. Priority Mail Express

Priority Mail Express prices will remain unchanged for July 2023, and the existing structure of Retail and Commercial price categories will be maintained.

B. Priority Mail

Priority Mail prices will remain unchanged for July 2023, and the existing structure of Retail and Commercial price categories will be maintained.

C. Parcel Select

On average, Parcel Select prices as a whole will increase 1.4 percent. Prices for destination-entered non-Lightweight Parcel Select, the Postal Service's bulk ground shipping product, will increase 2.1 percent on average. For destination delivery unit (DDU) entered parcels, prices will remain unchanged. For destination sectional center facility (DSCF) destination entered parcels, the average price increase is 5.7 percent. For destination network distribution center (DNDC) parcels, the average price increase is 0.9 percent. No additional price changes for destination hub (DHub) parcels are planned beyond what we previously established in Governors' Decision 23-2. Prices for Parcel Select Lightweight will decrease by 0.1 percent on average. Prices for USPS Connect Local, introduced in 2022, will remain unchanged for 2023. To accommodate mailers' concerns regarding programming changes, the Postal Service will maintain its ounce-based prices at 15.999 ounces, as well as including a one-pound price. No other structural changes are proposed.

D. First-Class Package Service (Renamed USPS Ground Advantage)

Consistent with the prior order of the Postal Regulatory Commission in October of 2022, the Postal Service intends to implement the enhanced and expanded First-Class Package Service (FCPS) product. Beginning on July 9, 2023, FCPS will be extended up to seventy pounds, will incorporate USPS Retail Ground (including Limited Overland Routes) and Parcel Select Ground (including cubic pricing), and will be renamed USPS Ground Advantage. Minor price changes are planned for FCPS as it transitions to USPS Ground Advantage in July 2023. Prices for the Limited Overland Routes (LOR) will remain unchanged. As the newly-constituted USPS Ground Advantage product, customers will see a 3.2 percent decrease in Retail prices and 0.7 percent decrease in Commercial prices for July 2023. To accommodate mailers' concerns regarding programming changes, the Postal Service will maintain its ounce-based prices at 15.999 ounces, as well as including a one-pound price. No other structural changes are proposed.

F. Domestic Extra Services

Domestic Special Services prices will remain unchanged for July 2023.

II. International Products

A. International Ancillary Services and Special Services

Prices for several international ancillary services will be increased, with an average overall increase of 6.3 percent.

No other price or classification changes for International Products are being made.

ORDER

The changes in prices and classes set forth herein shall be effective at 12:01 A.M. on July 9, 2023. We direct the Secretary to have this decision published in the *Federal Register* in accordance with 39 U.S.C. § 3632(b)(2) and direct management to file with the Postal Regulatory Commission appropriate notice of these changes.

By The Governors:

/s/

Roman Martinez IV
Chairman, Board of Governors

**UNITED STATES POSTAL SERVICE
OFFICE OF THE BOARD OF GOVERNORS**

**CERTIFICATION OF GOVERNORS' VOTE ON
GOVERNORS' DECISION NO. 23-3**

Consistent with 39 USC 3632(a), I hereby certify that, on May 9, 2023, the Governors voted on adopting Governors' Decision No. 23-3, and that a majority of the Governors then holding office voted in favor of that Decision.

/s/

Date: May 9, 2023

Michael J. Elston
Secretary of the Board of Governors

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